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8 IN THE UNITED STATES DISTRICT COURT  
9 FOR THE NORTHERN DISTRICT OF CALIFORNIA  
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11 VNUS MEDICAL TECHNOLOGIES, INC.

No. C-05-2972 MMC

12 Plaintiff

13 v.

14 DIOMED HOLDINGS, INC., et al.,

**ORDER GRANTING IN PART AND  
DENYING IN PART DEFENDANTS'  
MOTION IN LIMINE NO. 4; DENYING AS  
MOOT PLAINTIFF'S MOTIONS IN  
LIMINE NOS. 4 AND 5**

15 Defendants  
16 \_\_\_\_\_/

17 Before the Court is "Defendants' Joint Motion In Limine No. 4: Joint Motion To  
18 Preclude VNUS From Arguing That The CoolTouch Method Infringes The Asserted Claims  
19 or Seeking Lost Profits, As A Sanction For Its Disregard of Judge Larson's Discovery  
20 Order," filed October 1, 2007. Also before the Court is plaintiff's "Motion In Limine To  
21 Exclude Expert Trial Testimony Of J. Kevin McGraw On Opinions Not Contained In His  
22 Expert Report," filed September 13, 2007 ("Plaintiff's Motion In Limine No. 4"), and  
23 plaintiff's "Motion In Limine To Exclude Expert Testimony Of Drs. Laura B. Stamm And  
24 Brian W. Napper On Opinions Lacking An Adequate Factual Basis," filed October 1, 2007  
25 ("Plaintiff's Motion In Limine No. 5"). The matters were argued at the Pretrial Conference  
26 conducted October 16, 2007. Having considered the parties' submissions in support of and  
27 in opposition to the motions, and the arguments of counsel made at the Pretrial  
28 Conference, the Court rules as follows.

1 The above-referenced motions pertain to the parties' respective discovery  
2 disclosures regarding whether a person practicing the "CoolTouch" procedure would  
3 infringe the claims at issue herein. CoolTouch sells certain products, and includes with its  
4 products instructions on how to perform endovenous laser treatment using its products.  
5 (See Steenburg Decl., filed October 1, 2007, Ex. A.) Plaintiff has identified CoolTouch as a  
6 "competitor" of plaintiff. (See Nguyen Decl., filed October 9, 2007, Ex. 13 at 131:9-23.)

7 "To get lost profits as actual damages, the patent owner must demonstrate that  
8 there is a reasonable probability that, but for the infringement, it would have made the  
9 infringer's sales." State Industries, Inc. v. Mor-Flo Industries, Inc., 883 F. 2d 1573, 1577  
10 (Fed. Cir. 1989). "A standard way of proving lost profits, first announced in Panduit Corp.  
11 v. Stahl Bros. Fibre Works, 575 F. 2d 1152, 1156, 197 USPQ 726, 730 (6th Cir. 1978), is  
12 for the patent owner to prove: (1) demand for the patented product, (2) absence of  
13 acceptable noninfringing substitutes, (3) his manufacturing and marketing capability to  
14 exploit the demand, and (4) the amount of the profit he would have made." *Id.* "[A]  
15 patentee is not entitled to lost profits if the patentee fails to establish any of the above  
16 requirements." SmithKline Diagnostics, Inc. v. Helena Laboratories Corp., 926 F. 2d 1161,  
17 1165 (Fed. Cir.1991).<sup>1</sup>

18 Defendants argue that plaintiff did not timely disclose any evidence showing the  
19 CoolTouch procedure infringes, that plaintiff lacks any justification for failing to timely  
20 disclose such evidence, and that, if plaintiff is allowed to offer such evidence at trial,  
21 defendants would be prejudiced. The Court agrees.

22 First, plaintiff's disclosures on the issue of whether the CoolTouch procedure  
23 infringes are untimely. Defendants timely served an interrogatory request, a request for an  
24 admission, and request that plaintiff produce a Rule 30(b)(6) witness, each of which  
25 specifically sought plaintiff's evidence and/or position on the issue of whether the  
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27 <sup>1</sup>As plaintiff observed at the Pretrial Conference, the Panduit test is "a nonexclusive  
28 standard for determining lost profits." See State Industries, 883 F. 2d at 1577. In the  
instant case, however, plaintiff has identified no other applicable standard.

1 CoolTouch procedure infringed. Plaintiff failed to provide a substantive response to any of  
2 said discovery requests until September 7, 2007, when plaintiff served a supplemental  
3 answer to defendants' interrogatories, asserting that users following the CoolTouch  
4 procedure would infringe plaintiff's '084 Patent. (See Steenburg Decl., filed October 1,  
5 2007, Ex. K.) Further, it was not until October 1, 2007 that plaintiff disclosed the name of a  
6 witness who would testify that the CoolTouch procedure infringes, at that time identifying as  
7 a "fact" witness CoolTouch's Chief Executive Officer, Brian E. Farley ("Farley"); plaintiff  
8 stated Farley would testify on the subject of "infringement by [d]efendants and other  
9 competitors such as CoolTouch." (See Joint Pretrial Statement, filed October 1, 2007 at  
10 12:12-19.) Given that the deadline to complete fact discovery was May 30, 2007, such  
11 disclosures are untimely.<sup>2</sup>

12 Second, plaintiff's argument that it was justified in making untimely disclosures is  
13 unpersuasive. The only justification plaintiff offers is plaintiff's assertion that it was not  
14 aware, until two weeks before it made its September 7, 2007 disclosure, that the question  
15 of infringement by CoolTouch was relevant herein. As plaintiff "certainly view[s]  
16 [CoolTouch] as a competitor," (see Nguyen Decl. Ex. 13 at 131:9-23), the relevance of the  
17 information sought by defendants' early and repeated discovery requests is readily  
18 apparent. See SmithKline Diagnostics, 926 F. 2d at 1165 (providing plaintiff "not entitled to  
19 lost profits" unless plaintiff offers evidence of "absence of an acceptable, non-infringing  
20 substitute for the patented product"). Moreover, plaintiff's former Chief Financial Officer,  
21 Tim Marcotte, has testified that plaintiff, in 2005, accused CoolTouch of infringing the same  
22 claims at issue herein. (See Nguyen Decl. Ex. 14 at 155:5-10, 165:6-15.)

23 Finally, the Court finds defendants would be prejudiced if plaintiff were permitted to  
24 offer testimony on the issue of whether the CoolTouch procedure infringes. When Farley,  
25 in his capacity as a Rule 30(b)(6) witness, was explicitly asked on August 15, 2007 for  
26 plaintiff's view as to whether the CoolTouch procedure infringed, Farley stated plaintiff had

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28 <sup>2</sup>Plaintiff has never disclosed an expert who has an opinion as to whether the  
CoolTouch procedure infringes.

1 not “made an analysis” of whether the CoolTouch method infringed, and thus did not  
2 provide any opinion on the issue. (See id. Ex. 13 at 124:23-125:6.) Given Farley’s  
3 response, defendants had no reason to conduct further discovery relevant thereto, and  
4 have not had an opportunity to examine Farley as to the basis of his newly-offered opinion.

5 Accordingly, the Court will grant defendants’ motion in limine to the extent  
6 defendants seek to preclude plaintiff from offering evidence that the CoolTouch method  
7 infringes.

8 Defendants further request an order precluding plaintiff from offering any evidence  
9 that plaintiff is entitled to lost profits. Defendants, however, have not argued, let alone  
10 shown, that plaintiff failed to timely disclose evidence that the CoolTouch procedure, even if  
11 noninfringing, is not an “acceptable” substitute. See, e.g., SmithKline Industries, 926 F. 2d  
12 at 1166 (observing “[i]f purchasers are motivated to purchase because of particular  
13 features of a product available only from the patent owner and infringers, products without  
14 such features would obviously not be acceptable noninfringing substitutes”) (emphasis in  
15 original).

16 Accordingly, to the extent defendants seek to preclude plaintiff from offering any  
17 evidence to prove plaintiff’s entitlement to lost profits, defendants’ motion will be denied.<sup>3</sup>

18 Plaintiff’s motions in limine seek, respectively, to preclude defendants from offering  
19 expert testimony to establish the CoolTouch procedure does not infringe, and to preclude  
20 defendants’ damages experts from assuming such expert testimony will be given by  
21 defendants. Because defendants have indicated they do not plan to offer evidence that the  
22 CoolTouch procedure does not infringe unless plaintiff offers testimony that the CoolTouch  
23 procedure infringes, the Court will deny plaintiff’s motions, without prejudice, as moot.

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26 <sup>3</sup>Plaintiff apparently has not disclosed an expert who will testify that the CoolTouch  
27 procedure is not an “acceptable” substitute. Because plaintiff has not described in its filings  
28 with the Court the nature of the non-expert evidence plaintiff seeks to offer on the issue of  
acceptability, the Court has had no occasion to consider whether such evidence would be  
admissible under Rule 701 or otherwise, or whether such evidence was timely disclosed.

**CONCLUSION**

For the reasons stated:

1. Defendants' Motion In Limine No. 4 is hereby GRANTED in part and DENIED in part, as follows:

a. The motion is GRANTED to the extent defendants seek to prohibit plaintiff from offering evidence that the CoolTouch procedure infringes the claims at issue herein.

b. In all other respects, the motion is DENIED.

2. Plaintiff's Motion In Limine No. 4 and Motion In Limine No. 5 are DENIED as moot.

**IT IS SO ORDERED.**

Dated: October 22, 2007

  
MAXINE M. CHESNEY  
United States District Judge